GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Andhra Pradesh Agricultural Marketing Policy, 2015 – Adopted.

==========

AGRICULTURE AND COOPERATION (AM.II) DEPARTMENT

G.O.Ms.No.27 Dated:06 -06-2015

Read :-

The Andhra Pradesh (Agricultural Produce & Livestock) Markets Act, 1966 (Act No.16 of 1966)

@@@

ORDER:-

Agricultural Marketing in the State of Andhra Pradesh has a long history through various legislations both under Madras Presidency and subsequently under the undivided Andhra Pradesh. The Andhra Pradesh (Agricultural Produce and Livestock) Markets Act, 1966 with many progressive provisions guides the arrangements for marketing of agricultural and livestock produce in the State. This Act has provisions for establishing markets for agricultural produce and live stock and prescribes methods to regulate the transactions in the markets with a view to protect the interest of the farmers in obtaining competitive prices for their produce.

2. Despite far reaching progressive provisions incorporated in the 1966 Act, the situation on the ground did not change significantly in tune with the provisions of this Act. Farmers continue to remain vulnerable because of inadequate market structures and inadequate procedures in the existing markets. Farmers in most cases do not have any incentive to take their produce to the market yards because of these inadequacies. Very few Agricultural Market Committees established the markets. Contract farming did not take off despite the enabling provisions . Even the Cooperative Marketing Societies ended focusing on input supplies and the marketing of agriculture produce has taken backseat. The act also provided for establishment of private markets and even these have not taken roots due to various constraints. It is recognized that lack of development of appropriate market structures with transparent and efficient processes is a major lacunae in the marketing arrangement for agriculture produce. Except for paddy and sometimes maize which are largely handled by the government agencies under the minimum support price operations, in respect of all over agriculture produce local traders and middlemen filled the gap and established themselves as the main agents for handling the agriculture produce.

3. Having regard to the above situation, the Government felt it necessary to undertake systemic reforms in agricultural marketing, addressing institutional, regulatory and procedural issues to improve the transparency and efficiency of the markets and create competitive, credible and hassle free primary agriculture marketing systems in the State.

4. The proposed reforms on Agricultural Marketing would necessarily focus on reduction/elimination of barriers to participation in markets and barriers to trade by linking all places of primary marketing and creation of a unified virtual market for whole State. Implement measures to address the risks associated with trading and settlement in the course of marketing the produce by the farmers, through appropriate technology solutions and linkages with financial Institutions . it also involves encouraging and promoting primary value addition through aggregation, grading and packaging to respond to increasing and changing market demand and the domestic and international markets, by creating awareness and adherence to quality standards. Encouraging investments into

Contd..2

infrastructure for scientific storage and preservation of commodities and facilitating warehouse based sales and subsequent linkages with secondary and national markets will be part of the reform agenda. All this is proposed to be achieved through increasing competition, encouraging quality standards for demand creation, empowerment of farmers, development of market structures and making appropriate changes to the regulatory environment.

5. Therefore, the Government hereby adopt the Andhra Pradesh Agricultural Marketing Policy, 2015 as indicated in the annexure to this order.

6. The Commissioner & Director of Agricultural Marketing, Andhra Pradesh, Hyderabad, may for the purpose of implementing the AP Agricultural Marketing Policy, 2015, submit proposals to the Government wherever considered necessary for issue of suitable orders.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

L.PREMA CHANDRA REDDY,
SECRETARY TO GOVERNMENT (COOP.&MTG.)

To
The Commissioner & Director of Agricultural Marketing, ,AP., Hyderabad.
Copy to:
All the Departments of Secretariat.
The PS to Advisor to Govt. (AM&TW).
The Commissioner & Director of Agriculture, A.P, Hyderabad.
The Commissioner of Horticulture, A.P., Hyderabad.
The Commissioner of Sericulture, A.P., Hyderabad.
The Commissioner for Cooperation &Registrar of Cooperative Societies, A.P., Hyderabad.
The Chief Executive Officer, Rythu Bazars, A.P., Hyderabad.
The Vice Chairman & Managing Director, A.P. State warehousing Corporation, Hyderabad.
The Managing Director, A.P. State Co-operative Marketing Federation (A.P.Markfed), Hyderabad.
The Managing Director, AP State Seeds Development Corporation Limited, Hyd.
The Director, AP State Seeds certification Agency, Hyd.
The Vice Chairman &Managing Director, A.P. Cooperative Oil Seeds Growers Federation, Hyderabad.
The Vice Chairman & Managing Director, A.P. State Agro-Industries Development Corporation, Hyderabad.
The PS to Secretary to C.M.
The OSD to M (Agri&Mktg.)
The PS to Secy. to Govt.,(Coop.&Mktg.)
SC/SF.

//FORWARDED BY ORDER//

SECTION OFFICER

ANNEXURE

ANDHRA PRADESH AGRICULTURAL MARKETING POLICY - 2015

I. BACKGROUND

1. Andhra Pradesh has a long history of legislations to regulate agricultural marketing starting from Andhra Pradesh (Andhra Area) Commercial Crops and Markets Act, 1933 under Madras Presidency and subsequently under the undivided Andhra Pradesh. After reorganisation of States, recognising the importance of agricultural marketing, the Andhra Pradesh legislature enacted the Andhra Pradesh (Agricultural Produce and Livestock) Markets Act, 1966. It provided for improved regulation in the marketing of agricultural produce, development of an efficient marketing system, promotion of agricultural-processing, agricultural export and the establishment and proper administration of markets for agricultural produce. It also laid down procedures and systems for orderly promotion of agricultural marketing in the state.

2. Agricultural marketing scenario in the country and the state has undergone a sea change ever since, owing to the increase in the quantity and the variety of commodities produced, the marketable surpluses, changing consumption pattern in the society, linkages with the international market, etc. Therefore, the framework under which markets for agricultural produce function in the state and the factors that influence the Farmer prices has to be understood afresh and reckoned suitably.

3. Apart from the above, changing technologies, especially Information and Communication Technologies, have enabled many functions and capabilities that were simply inconceivable a few years ago. Increasing aspirations and expectations of the stakeholders in the marketing system also have an overbearing influence on the way these markets are organized and managed. It is necessary to recalibrate and adopt a policy for agricultural marketing in the state that is forward looking and that would provide an impetus for growth of the agrarian sector.

4. An enabling legislative environment, investment in infrastructure and well-operated markets spread across the state provide reasonable means for farmers to market their produce. The Andhra Pradesh (Agricultural Produce and Livestock) Markets Act, 1966 was further amended in 2000 and 2011 to allow establishment of private markets, farmers-consumers market, contract farming, establishment of spot exchanges, e-trading etc. However, for want of a comprehensive policy backing these amendments, many of these farmer friendly initiatives did not translate into creating vibrant market structures. Therefore, Government realizes the necessity to review the existing policies applicable to this sector.
5. Having regard to the above, the policy seeks to address problems plaguing the sector, namely, small land holdings and the consequent small marketable surplus available per farm, managing seasonal supply and the heavy arrivals of farm products during harvest to meet the perennial demand throughout the year, need to physically move the commodity for accessing the market, considerable post-harvest losses, lack of formal sources of financing both for the farmer and other market participants, etc. Moreover, the policy also seeks to increase competition, better price realization to the farmer, to encourage investments in warehousing infrastructure, assaying and grading facilities, cold chains, food processing, etc., and make this sector an attractive one for generating employment in rural areas for equitable growth of the state.

II. OBJECTIVES

1. The overall objective of this policy is to create a market structure that is transparent and equitable, distinguishes quality and variety, disseminates relevant market information to all market participants for a level playing field, provides easy access to all participants and ensures fair returns to all stakeholders, with the seller having the choice to decide the time, place and avenue of sale.

2. Reduction in and/or elimination of barriers to participation in markets to foster competition and efficient determination of price, linking the primary market in the state to the national market for the benefit of all stakeholders in the marketing chain.

3. Address the risks associated with clearing and settlement that arise in course of marketing of produce by the farmer or by the subsequent buyer, through technology solutions or other appropriate means with linkages to financial institutions.

4. Encourage and promote primary value addition through aggregation, grading and packaging at the village level through farmer self help groups/societies/associations/producer companies to respond to increasing and changing market demand, in domestic, regional and international markets. Create awareness on adherence to quality standards for better price realisation.

5. Enhancing the skill levels of all stakeholders in the marketing system through well designed capacity building intervention efforts, for deriving benefits arising from primary value addition, modern practices adopted in storage, processing, market systems and the like, with the state playing an active role in stakeholder education effort.

6. Improving access to finance to all market participants, scientific storage and preservation of commodities, encouraging investment in infrastructure for market access, and enabling primary value addition of the commodities.

7. Encouraging setting up of new institutions and strengthening of existing ones to provide state of the art facilities to all stakeholders, fostering self-help groups(SHGs) and Farmer Producer Organizations (FPOs) for improving the bargaining power and holding capacity of farmers to handle the challenges in marketing.

8. Establishment of a progressive regulatory environment distinct from the operational level that provides an environment for public and private initiatives to function in tandem for the benefit of all stakeholders, with the government playing an enabling role.

9. Adopting and leveraging technology at all levels for efficient operations of markets would be critical in realizing the objectives of this policy.

10. Through these measures, effectively implement the farmer friendly initiatives introduced through the Andhra Pradesh(Agricultural Produce and Livestock) Markets Act,1966.

In pursuit of the above objectives, the key initiatives of the Government would be as under.

III. POLICY INITIATIVES

1. Regulated markets—

a) Functional Markets currently operating across the state, would adopt technology required for setting up a comprehensive electronic auction system for transparent price determination.

b) A state wide networked virtual market would be established by linking various regulated markets, warehouses and cold storages provided with assaying & grading facilities and other necessary infrastructure.

2. Increasing Competition—

a) As an immediate measure, licensing procedures would be simplified and a single unified license would be made applicable for participants.

b) Conditions that restrict participation would be removed to increase competition in the auction of the agricultural produce.

c) Administrative processes with regard to license would be simplified and automated for improved efficiency.

3. Private markets –

a) Private markets would be encouraged on a level playing field for providing an alternate facility for marketing of agricultural produce while being part of the networked market.

b) Farmers and other participants would have the choice to offer/ sell in any regulated or private market in the state.

c) Private markets and regulated markets would compete to provide services to farmers and other participants.

4. Quality standards for Demand creation—

a) Initiate steps for laying down quality standards for various agricultural commodities and for creating infrastructure for sampling and assaying the produce in markets, warehouses and cold storages to facilitate quality based trading of the produce; and

b) Undertake capacity building programmes to create awareness on quality standards amongst various participants and its importance for creating demand in the domestic, regional and international markets.

5. Empowering Farmers—

a) Organize farmers groups to initiate primary value addition and encourage village level aggregation, to enhance the bargaining power of farmers to improve price realization and shorten the food value chain by introducing direct marketing/ sourcing of agricultural produce from the farmers to the consumers, retailers, processors and exporters.

b) To provide alternate and safe storage options through accreditation of warehouses and encourage Warehouse based sales enabling farmers to sell from accredited warehouses.

c) Creating an enabling environment and facilitate the farmers to avail pledge loans to avoid distress sale.

d) Effective dissemination of market price information enabling farmer to know the prevailing price of the produce, before he decides to sell.

e) Simplified processes and online timely payment to the farmers account.

f) Enabling the Farmer to decide when to sell the produce and at what price, with a right to reject the price offered.

6. Market development –

a) Through an appropriate public private partnership arrangement, Government would provide state of the art technology for marketing of produce and attendant requirements.

c) Facilitate the development of an efficient and effective agricultural marketing information system and establish a reliable information dissemination system for the benefit of all stakeholders.

d) Establish linkages with the secondary market in select commodities to participants in the state, encouraging producer companies, aggregation of farmer produce and other measures for realisation of better prices.

e) Linkages with financial institution would be established to facilitate seamless clearing and settlement mechanism as well as facilitate pledge loans to the farmers and other market participants.

f) Adequate safeguards will be put in place to ensure timely online payments to the farmers.

g) Appropriate procedures will be put in place for timely resolution of trade related disputes with Commission Agents/ Assayers or any other market participants .

7. Contract Farming—

To promote contract farming in the state and have a single point for registering contract-farming sponsors with procedures for timely settlement of disputes by the registering authority.

8. Infrastructure—

a) Key and strategic agricultural marketing infrastructure will be developed;

b) The Government will put in place enabling and conducive environment for private sector and other stakeholders' investment in the agricultural marketing infrastructures by encouraging establishment of warehousing and logistic parks in each of the districts to function as marketing hubs and be part of the state wide marketing network, with appropriate incentives.

9. Regulatory and legislative environment –

The Andhra Pradesh(Agricultural Produce and Livestock) Markets Act, 1966 would be reviewed to facilitate the aforesaid policy objectives and initiatives and to create a distinct, level playing regulatory environment for the transparent and efficient functioning of agricultural markets in the state.

L.PREMA CHANDRA REDDY,
SECRETARY TO GOVERNMENT (COOP.&MKTG.)